



**To:** All companies licensed under Chapter 33 of the West Virginia Code and authorized to offer accident and sickness policies; including HMOs and hospital service and medical service corporations.

**From:**  Jane L. Cline, WV Insurance Commissioner

**Date:** July 1, 2009

**Re:** Invitation to submit proposals

**INVITATION TO SUBMIT PROPOSALS FOR AFFORDABLE HEALTH PLANS**

On April 16, 2009, Governor Manchin signed Enrolled Committee Substitute for S.B. 552, which mandates that the Insurance Commissioner issue an invitation to licensed entities for the submission of proposals for affordable health insurance plans. The stated intent of this legislation is to expand the availability of health care options by developing low-cost coverage options that emphasize preventive care services. The bill is designed to give the Commissioner maximum flexibility in implementing the new program, and such flexibility extends to authorizing the Commissioner to forbear from applying any statutory or regulatory requirements in the insurance code relative to insurers and other eligible plan applicants/participants. For her part, the Commissioner intends to engage in extensive dialogue with all interested parties at every stage of the program, including consumers and providers, in order to develop plans that will represent realistic options to the uninsured, and she urges interested entities to approach the proposal process as a cooperative undertaking rather than as a competitive process. Once approved, the Commissioner intends to promote participation in these plans through a public awareness program using the various means at her disposal, including the OIC website and OIC participation in events around the State.

Each applicant must submit at least 2 plans, one of which must provide catastrophic coverage. Applicants need not wait until rates are established before submitting a preliminary proposal. Initial applications should be submitted to Fred Holliday in either paper or electronic form (applications should not be submitted through SERFF until OIC has had the opportunity to conduct a preliminary review and to discuss the proposal with the applicant):

Fred Holliday, Insurance/Policy Analyst III  
Offices of the Insurance Commissioner  
Rates & Forms Division  
PO Box 50540  
Charleston WV 25305-0540  
[Fred.Holliday@wvinsurance.gov](mailto:Fred.Holliday@wvinsurance.gov)

Questions may be directed to Mr. Holliday at the above e-mail address or by phone (304) 558-6279 x1135.



OIC's review of the proposals will be based primarily on the proposals' anticipated effectiveness in improving and maintaining the health status of enrollees and the proposals' potential for reducing the unnecessary consumption of health care services. Cost containment measures should be included, such as copays, limitation on the number of services and caps on benefits payments. Certain preventive services must be included, including childhood immunizations; mammograms, PAP smears and HPV testing; and colorectal examinations. However, a number of the statutorily mandated benefits, such as mental health and rehabilitation benefits, may be excluded from the proposed plans. Prospective applicants should review the relevant statutes and rules to determine the extent to which S.B. 552 has altered the usual requirements for health insurance policies (OIC has proposed a legislative rule –114 CSR 88 -- that expands on the statute; it is also anticipated that an emergency rule on the subject will be adopted; these rules may be found on the OIC's website [http://www.wvinsurance.gov/rules/rules\\_index.htm](http://www.wvinsurance.gov/rules/rules_index.htm)).

Review of the proposals will be subject to the usual rules with regard to clarity of language, reasonableness of rates, etc. However, in light of the flexibility granted to the Commissioner in reviewing and regulating these plans, prospective applicants are encouraged to explore innovative means of accomplishing the goal of creating affordable products. For instance, the requirement that every plan must "offer prescription drug benefit coverage" might be met by a membership in WVRx or a similar prescription plan which, though not strictly a "benefit coverage" under the plan, achieves the desired result. Similarly, perhaps a link to a clinic plan could meet 552's command that proposals include coverage for "preventative health services" (the foregoing does not constitute OIC approval of either of these routes and is intended only to emphasize the Commissioner's willingness to consider innovative strategies to achieve the statutory goals).

There are no time limits to when applications may be submitted; however, the Commissioner may decide to limit the number of approved plans and suspend the application process.